

## STATE TAX RATE CHANGE ON FOOD

Notice #12-04

Sales and Use Tax

May 2012



### Highlights

- *State tax rate on food and food ingredients is reduced from 5.5% to 5.25%*

### INTRODUCTION

This notice provides information concerning the passage of House Bill 3761/Senate Bill 3763, which provides for a reduction in the state sales and use tax rate on sales of food and food ingredients.

**Effective July 1, 2012, the state sales and use tax rate on sales of food and food ingredients is reduced from 5.5% to 5.25%.**

### DISCUSSION

Food and food ingredients are subject to a reduced state sale and use tax rate of 5.25% plus the applicable local tax rate. Prepared food, dietary supplements, candy, alcoholic beverages and tobacco continue to be subject to the general state sales and use tax rate of 7% plus the applicable local tax rate.

"Food and food ingredients" means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. Food and food ingredients does not include alcoholic beverages, tobacco, candy, dietary supplements or prepared food.



### References:

A1, HB3761 (2012)  
T.C.A. § 67-6-102(36)  
T.C.A. § 67-6-228

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